

- Restaurant, caterer and tavern receipts jumped 9.1% in January
- Canadian GDP increased 0.2% in January
- Manufacturers' prices increased 2.3% in February compared to the same month a year ago

The Economy

- Receipts from restaurants, caterers and taverns in British Columbia were up 9.1% in January (*unadjusted*) compared to the same month in 2004. Nationally, receipts slumped 1.8%, driven by large declines in Ontario (-8.4%) and Alberta (-5.4%). Strong growth in BC and Quebec (+4.6%) offset much of the reduction in those provinces. *Data Source: Statistics Canada*

Legal Aid

- Legal aid expenditures in BC dropped by 4% (*constant dollars*) in 2003/04, following on the heels of a 23% slump in 2002/03. Applications for legal aid in BC, which fell 42% a year earlier, slipped a further 21% in 2003/04. The large declines were due to a reduction in the scope for legal aid coverage in the province.

Nationally, legal aid expenditures rose slightly as most regions of the country experienced growth. Other than BC, only Quebec and Yukon saw a decline in legal aid, with expenditures slipping 2% for both areas. Expenditures in Ontario were virtually unchanged from a year earlier. The largest increases were in Nunavut (+ 21%) and Prince Edward Island (+ 9%).

Data Source: SC catalogue no. 85F0015

Television Viewing

- Viewers in British Columbia watched twice as many foreign programmes as Canadian-made television in 2003. Only 32.2% of viewed programmes were Canadian-made compared to 67.8% that were foreign-made. This is much lower than the national average of 40.2% for Canadian programmes, although that number is boosted by francophone viewers who watch mainly Canadian content (68.7%).

Drama was the first choice for TV viewers in BC, representing a quarter (25.2%) of all view-

ing, followed closely by news and public affairs programmes, at 24.4%. Over half of all Canadian content viewed in BC consisted of news and public affairs. Sports was the next biggest draw for Canadian programming.

Across the country, fewer Canadians were viewing sports programmes in 2003 compared to five years earlier and this was before the NHL lockout began, which has likely affected sports viewing even more. More Canadians are watching TV to become informed as news and public affairs programmes have become more popular.

Data Source: SC catalogue no. 87F0006XIE

- People in BC watched television an average of 21.7 hours per week, which was the same as the Canadian average. Viewing tends to increase with age and women tend to watch more TV than men. Teens in BC reported viewing an average of only 12.0 hours per week, while children viewed 12.4 hours of TV per week.

Data Source: SC catalogue no. 87F0006XIE

Trade in Culture Goods

- Canadian exports of culture goods were virtually flat in 2003, while imports climbed 2.9%. As a result, the deficit in trade in culture goods increased to just under \$2 billion, the third straight year the deficit has deepened. A significant jump in imports from China was the main contributor to the growing deficit. However, the United States remains the source of the overwhelming majority (78%) of culture goods imports into Canada. It is also the main destination for exports of those goods (93%).

Written and published works dominated both exports (37%) and imports (63%) of culture goods and were also largely responsible for the overall trade deficit (\$1.9 billion). Within this category, books were the top export and newspapers were the leading import. Film and video

Did you know...

New years day used to be celebrated on April 1 until the mid-sixteenth century when Pope Gregory XIII revised the calendar. Those people who still celebrated the new year on April 1 were called April fools.

ranked next for both exports (24%) and imports (19%) in 2003.

Data Source: Statistics Canada

Tourism

- **Canadian tourism GDP grew 4.7% to \$21.3 billion (constant 1997 dollars) in 2004, rebounding from a 2.4% decline a year earlier.** All major tourism industries experienced gains, with transportation (+7.9%) and accommodation (+4.2%) leading the way.

Employment generated by tourism was also up in 2004, rising 1.0% across the country. The transportation sector was at the top in employment growth, gaining 1.4% net new jobs. Food and beverage services (+1.1%), accommodation (+0.5%) and other tourism industries (+1.2%) all increased their numbers of employees as well.

Canadians spent far more abroad than foreigners spent in Canada in 2004. Canadians spent \$20.7 billion dollars in other countries, while foreigners visiting Canada spent only \$16.6 billion.

Data Source: SC catalogue no. 13-009-XIB

The Nation

- **Canadian GDP (at basic prices in 1997 chained dollars, seasonally adjusted) edged up 0.2% to \$1,061 billion in January, led by a rebound in the retail sector, where GDP jumped 2.3% after having slumped in December (-1.3%).** The booming retail activity was largely due to the growing popularity of gift cards, which have shifted some purchases from the Christmas holiday season to January. While the retail sector expanded, wholesalers saw output fall 0.4% due mainly to a drop in shipments of motor vehicles. Automobile manufacturers distributed large numbers of vehicles to dealers in December to accommodate expected demand, which was why January numbers were down. This is also why December wholesale output (+1.0%) was far stronger than that recorded in January. GDP for the service sector as a whole rose 0.3%. In addition to the retail sector, information and cultural industries (+0.5%), finance, insurance and real estate (+0.3%) and professional, scientific and technical services (+0.3%) all posted strong performances in January. Large declines

in arts, entertainment and recreation (-1.0%) and accommodation and food (-0.5%) offset some of the growth in other service industries.

On the goods side, strong demand for machinery and equipment helped boost GDP in manufacturing (+0.6%). However, mild weather reduced demand for utilities, which saw GDP fall 1.3%. Construction activity also declined (-0.5%) in January. Increases in construction of apartments and row houses were not enough to offset the drop in building of single detached dwellings as residential construction slipped 0.8%. Non-residential construction was also down, falling 1.1%.

Data Source: Statistics Canada

- **Prices for Canadian manufactured goods were 2.3% higher in February compared to the same month of 2004.** Soaring prices for petroleum and coal products (+18.1%, 12-month change) were the major factor in the overall inflation. Excluding these goods, manufacturers' prices would have climbed only 1.0%. A significant boost in prices of primary metal products (+9.9%) and metal fabricated products (+9.6%) also contributed to the overall jump. The rise in fuel costs reduced demand for motor vehicles and other transportation equipment, which helped drive down their price (-4.4%), partially offsetting the large increases elsewhere.

The appreciation of the Canadian dollar also muted the increase in producer prices. The all-items Industry Product Price Index (IPPI) would have risen 4.2% if the impact of the exchange rate was excluded, instead of only 2.3% as actually recorded.

Data Source: Statistics Canada

- **The price of raw materials increased 11.8% in February (12-month change).** Skyrocketing prices for mineral fuels (+26.8%) were the primary reason for the large gains, led by a substantial jump in prices of crude oil (+35.3%). If mineral fuels were not included, raw materials prices would have fallen 0.3%.

Data Source: Statistics Canada

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Contact: Dan Schrier (250) 387-0376

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Commodity Prices, Exchange Rates and Exports

Despite rapid appreciation in the value of the Canadian dollar relative to its American counterpart, BC origin exports experienced solid growth in 2004. The value of BC goods shipped to international destinations climbed 10.2% from 2003 to 2004, halting a three-year slide that saw BC exports drop \$5.5 billion from their peak in 2000. Much of the turnaround was due to commodity price inflation, caused in large part by torrid demand from China for raw materials for its industrial operations. However, the pace of export growth peaked around mid-year and has since slowed, providing evidence that the higher exchange rate is causing some problems for BC exporters.

BC origin exports climbed 10.2% in 2004, putting the brakes on a three-year slide

From the beginning of 2002 to the end of 2004, the Canadian loonie has appreciated approximately 30% against the US greenback. The volatility of the dollar has made it difficult for economists forecasting its future movements, as evidenced by the wide range of predictions for the loonie's value by the end of 2005. Forecasts range from a drop to below 80 cents US, to a rise to 90 cents US, with a virtual continuum of values in between.¹

Is the steep climb in the value of the Canadian dollar going to continue?



The Canadian dollar has appreciated about 30% against the US dollar in the last two years and economists have mixed opinions on whether or not the climb will continue

The exchange rate is extremely important to British Columbia due to the province's reliance on exports and the fact that almost two-thirds of those exports are shipped to the United States. If the Canadian dollar continues to appreciate, it could have negative consequences for exporters, which in turn could serve as a drag on the provincial economy.

¹ For example, the Conference Board of Canada has predicted the dollar will average 79 cents this year, while Scotiabank believes the loonie will hit 90 cents by the third quarter. The BC Ministry of Finance forecasts an average of just over 84 cents.

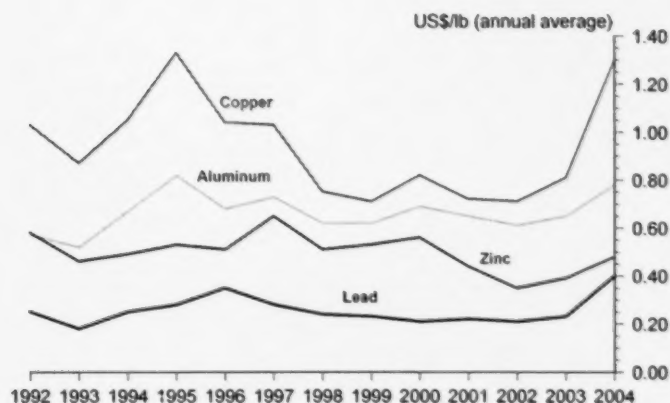
The reason for this is that goods and services priced in Canadian dollars will be more expensive for American buyers, which could cause a fall in demand. Alternatively, if goods and services are priced in US dollars, Canadian producers will receive less for them when the revenue is converted to Canadian currency.

The difficulty in predicting the movement of the dollar lies not only in its recent volatility, but also in the competing pressures that are pushing it in both directions. One of the bigger impacts on the value of the dollar is the movement in commodity prices. In general, if commodity prices are trending up or down, the Canadian dollar will follow. This is due to the strong export orientation of the Canadian economy. The commodity price inflation that has occurred over the last year has likely contributed to the rise in the dollar, but it has also allowed Canadian exporters to remain profitable in the face of the higher exchange rate, as the inflated prices they received for their goods have offset the damage done by the growth in the dollar.

Competing pressures pushing the dollar in both directions have made it difficult to predict its future value

China's seemingly insatiable demand for raw materials has been the leading cause of inflation in commodity prices. This is particularly apparent with regard to prices of metals, especially copper, for which the price rose over 30% in just the last year. Even more impressive was the jump in the price of molybdenum, which skyrocketed to about four and a half times what it was a year earlier.

Metal prices surged in 2004, particularly for copper

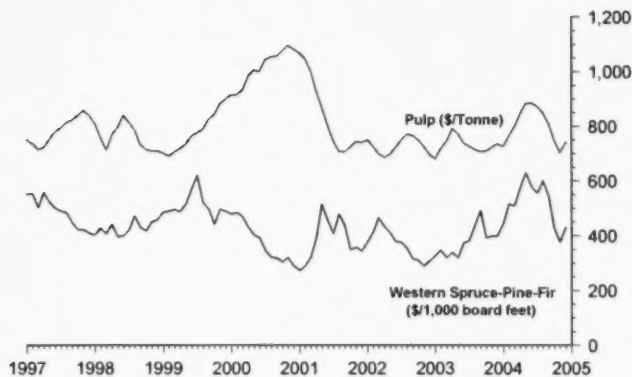


There was significant inflation in metal prices in 2004, which helped drive up the value of BC metallic mineral product exports

Higher demand and inflated prices resulted in a 36.5% jump in the value of BC exports of metallic mineral products in 2004, which translated to an increase of more than a half billion dollars. It is probable that prices are currently at or near their peak and will start to level off, perhaps even slipping back somewhat. However, the demand for these goods is unlikely to abate much in the near future, so prices should remain stable and significant declines are improbable.

BC exports of forest sector goods also benefited from price increases, with international shipments of solid wood products climbing 22.1% and exports of pulp and paper products rising 5.8%. The outlook in the forest sector is mixed. The likelihood of falling demand for housing in the United States as interest rates rise has the consensus opinion favouring a drop in prices of lumber as a result of the subsequent slowdown in housing starts. However, analysts are more bullish with regard to pulp and paper prices and foresee continued improvement through 2005.

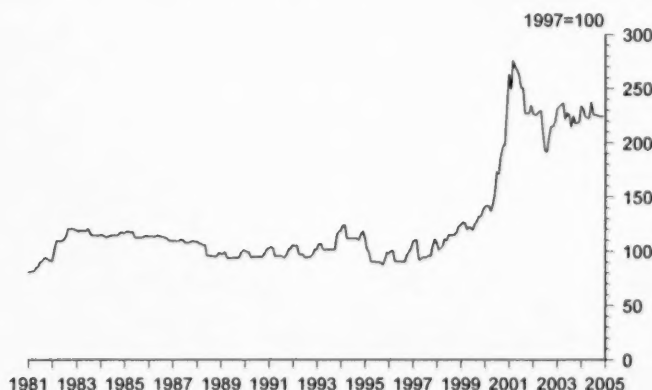
Forest sector product prices showed improvement in 2004



Prices for lumber and pulp showed significant improvement in 2004

The energy sector was one of the few areas where BC experienced a decline in the value of exports; however, this was mainly due to a drop in demand resulting from mild weather. There seems to be a consensus of opinion that prices for natural gas will remain fairly stable due to tight supplies, possibly slipping slightly in 2005, but staying well above historical levels.

Natural gas prices seem to have settled at a much higher level than seen historically



Prices for natural gas seem to have stabilized at a new plateau after more than doubling early in 2001

The one energy product that will see some significant price inflation is coal. Contract prices for coal are running at about double what they were in 2004 as high demand is forcing buyers in Japan and elsewhere to accept these substantial price hikes.

Overall, the outlook for commodity prices is mixed, but it appears that they will have far less effect on the value of the Canadian dollar than they did in 2004. It is probable that prices will be far more stable in 2005, which will help keep the dollar where it is now, but shouldn't have as much influence on upward or downward movements.

The one factor that could keep up the inflationary pressure on the Canadian dollar is the ballooning trade deficit faced by the United States, coupled with a growing fiscal imbalance. The constant demand for energy imports and the burgeoning thirst for goods from China are driving US imports up, while exports are growing at a much slower pace, resulting in significant expansion to an already large trade deficit. In addition, the US government continues to add to its debt load as a result of deep tax cuts combined with rising costs, particularly related to fighting the war in Iraq. The twin deficits have been the main force behind the greenback's depreciation relative to other currencies, including the Canadian dollar. It doesn't look like these deficits will ease any time soon, which should continue to depress the US dollar, but whether or not that will mean further depreciation of the US buck, particularly relative to the Canadian dollar, is difficult to predict.

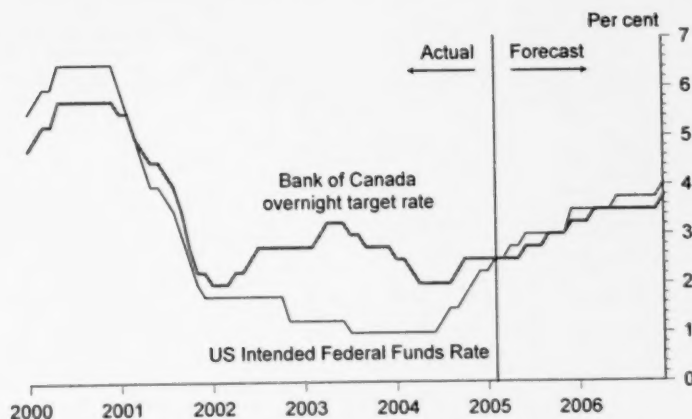
The twin deficits faced by the United States have been the leading force behind the greenback's depreciation

There are other forces that could buoy the American dollar relative to Canada's loonie. For instance, if China gives in to pressure to re-value its currency, that could help ease demand for Chinese products somewhat, particularly if they allow their currency to float, rather than maintaining a rate pegged to the US dollar. Currently, since the Chinese currency moves in tandem with the US dollar, the normal adjustments that would occur under a floating rate regime cannot happen. If China allowed its currency to float the phenomenal economic growth it has been experiencing in recent years would most certainly have resulted in substantial appreciation of its currency relative to the US dollar, which in turn would have reduced demand for its products in the US since the price would increase for American buyers. As it is, with the currency pegged to the US dollar, there is no adjustment occurring and American demand for Chinese products continues unabated, contributing to a growing trade deficit.

If China re-values its currency, the US dollar might recover somewhat, which would help curb the rise in the Canadian loonie

By itself, a re-valuation of the Chinese currency is not going to have a major effect on the value of the Canadian dollar, but a far more influential factor in exchange rate movement is the gap between the Bank of Canada's overnight target rate and the US Federal Funds rate. Most economists agree that the US rate is likely to rise faster than Canada's, which will result in a higher interest rate in the United States. The consequence of this should be that the Canadian dollar will depreciate relative to its US counterpart.

The BC Ministry of Finance projects US short-term interest rates will rise faster than Canadian rates



Source: BC Budget 2005 (Forecasts are by the BC Ministry of Finance)

The bank rate spread is an important factor in the exchange rate and consensus opinion is that the US rate will grow faster than Canada's, which should depress the value of the loonie

A recent development that could also depress the value of the Canadian dollar is the announcement in the Federal budget that foreign content limits on tax-sheltered pension plans will be removed. Previously, there was a cap of 30% on foreign content. Without the cap, there is a possibility that large Canadian pension funds will dramatically increase their holdings of foreign stocks and bonds, which would probably drive the value of the Canadian dollar down.

The removal of foreign content limits on pension plans could put downward pressure on the Canadian dollar

The different push and pull forces acting upon the Canadian dollar make predictions difficult. While the US deficit problem could continue to negatively affect the value of the US dollar and there could still be further commodity price inflation that would also favour a higher Canadian currency, the bank rate spread and the new rules regarding foreign content limits should act in the opposite direction, suppressing the loonie's growth. A lot depends on the speed of US bank rate increases, whether or not China adjusts its currency and what kind of effect the removal of foreign content limits has. While the dollar may or may not rise further, it seems fairly certain that it will not dip back to levels below 75 cents any time soon, which means exporters will have to continue to make the adjustment to a new exchange rate level.



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BC at a glance . . .

POPULATION (thousands)		% change on one year ago
	Jan 1/05	
BC	4,220.0	1.1
Canada	32,078.8	0.9
GDP and INCOME		% change on one year ago
(BC - at market prices)		2003
Gross Domestic Product (GDP) (\$ millions)	145,550	5.2
GDP (\$ 1997 millions)	133,600	2.5
GDP (\$ 1997 per Capita)	32,175	1.6
Personal Disposable Income (\$ 1997 per Capita)	19,758	0.3
TRADE (\$ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Jan	3,586	0.1
Merchandise Exports - Jan	2,631	3.0
Retail Sales - Jan	3,987	-0.9
CONSUMER PRICE INDEX		12-month avg % change
(all items - 1992=100)		Feb '05
BC	123.8	2.1
Canada	125.8	2.0
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)		Feb '05
Labour Force - BC	2,258	0.9
Employed - BC	2,100	0.4
Unemployed - BC	158	8.9
		Jan '05
Unemployment Rate - BC (percent)	7.0	6.5
Unemployment Rate - Canada (percent)	7.0	7.0
INTEREST RATES (percent)		Mar 31/04
	Mar 30/05	
Prime Business Rate	4.25	4.00
Conventional Mortgages - 1 year	5.05	4.30
- 5 year	6.25	5.70
US/CANADA EXCHANGE RATE		Mar 31/04
	Mar 30/05	
(avg. noon spot rate) Cdn \$	1.2165	1.3105
US \$ (reciprocal of the closing rate)	0.8217	0.7626
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)		Feb '05
BC	704.90	2.8
Canada	692.92	2.6

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada
 Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics
 For latest Weekly Financial Statistics see www.bankofcanada.ca

Electoral District Profiles



Statistical Profiles of Provincial Electoral Districts are useful to candidates and their parties, voters, media, students, and all other organisations and individuals engaged in the democratic and political process.

The link below will take you to our jumping off point to a range of information from the latest 2001 census profiles to similar work for 1996 and 1991 periods.

<http://www.bcstats.gov.bc.ca/Regions/ped.htm>

Streamlining of BC Government email addresses, effective Monday April 4.

The "gems#" unit is being dropped. Where this results in collisions, a middle initial in the name will be used. This will generally be transparent to users (including recipients) but you may wish to update your address books.

Released this week by BC STATS

- Current Statistics, March 2005
- BC Business Indicators, March 2005

Next week

- Tourism Sector Monitor, March 2005